

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 8/28/2012	(3) CONTACT/PHONE Dana Lilley, Supervising Planner/(805)781-5715	
(4) SUBJECT Request to approve an agreement with the Economic Vitality Corporation in the amount of \$27,940 to implement an economic analysis pilot project and an associated budget adjustment transferring \$27,940 from Fund Center 142 – Planning and Building to Fund Center 290 – Community Development.			
(5) RECOMMENDED ACTION It is recommended that your Board: <ol style="list-style-type: none"> 1. Approve the attached agreement and direct the Chairperson to sign; and 2. Approve the associated budget adjustment request by a 4/5 vote. 			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$27,940.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>20 minutes</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001197		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1213018 <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Dana Lilley, Supervising Planner

VIA Kami Griffin, Assistant Director

DATE: 8/28/2012

SUBJECT: Request to approve an agreement with the Economic Vitality Corporation in the amount of \$27,940 to implement an economic analysis pilot project and an associated budget adjustment transferring \$27,940 from Fund Center 142 – Planning and Building to Fund Center 290 – Community Development.

RECOMMENDATION

It is recommended that your Board:

1. Approve the attached agreement and direct the Chairperson to sign; and
2. Approve the associated budget adjustment request by a 4/5 vote.

DISCUSSION

Background

As lead agencies, cities and counties consider many factors when approving discretionary permit applications for development projects. Factors considered and evaluated by lead agencies predominantly focus on environmental and community issues, which are driven by regulations and disclosure requirements (e.g. Subdivision Map Act, Planning and Zoning Law, and the California Environmental Quality Act). Given the emphasis in California law on environmental and community issues, economic factors are seldom reviewed. Economic factors are only formally considered when an Environmental Impact Report (EIR) has been prepared for a project with unmitigated environmental impact(s) and the decision-makers have to make a Statement of Overriding Considerations that states there are economic, social or technological benefits that outweigh adverse, unmitigated environmental impacts of the project as a means to certify an EIR and approve the project. Despite the tradition of lead agencies focusing primarily on environmental and community issues, over the last several years, there has been a heightened interest to bring more economic information forward to decision-makers.

In 2010, the Economic Vitality Corporation (EVC) completed the San Luis Obispo County Clusters of Opportunity Economic Strategy, which was developed by business leaders for implementation by business leaders. One of the actions included in the strategy was the following:

“Encourage analysis of economic impacts of projects and policies in the County, and consistency with the Economic Element of the General Plan.”

In September 2011, the County took a first step in this direction by including non-quantified “Business Impact Statements” in selected categories of items on the Board of Supervisors agendas. The EVC and County staff have been collaborating since September 2011 on an approach and procedure toward another step; to provide quantified information regarding the economic benefits of development projects. The staff of the County and the EVC agreed that such a new program should be designed to avoid both potential delays and increased costs for permits. The EVC prepared a detailed report describing its Economic Analysis Program, which is on file with the Clerk of the Board of Supervisors.

A three-tiered approach to economic analysis

The EVC's Economic Analysis Program is designed with three alternative "tiers" of information, all of which are voluntary for applicants. Under Tier I, an applicant completes an online questionnaire about the project and the EVC simply compiles and sends that information to the County. Under Tier II, upon an applicant's request, the EVC enters the information provided by the applicant into an online economic modeling program to generate more complete economic results including jobs, income, invested capital, and public revenues. Furthermore, the Tier II economic modeling program generates economic results that are directly generated by the development project during construction and operation of the approved business, including direct, indirect and induced results (i.e., the "economic multiplier" effect). Tier III involves consultant prepared economic impact analyses, which would most likely be commissioned by the County and funded by the applicant for large development projects.

Twelve month pilot project

The EVC proposes that the County provide \$27,940 to cover EVC costs for a twelve month pilot project of its Economic Analysis Program to generate economic benefits information for five discretionary land use permits. Of those five projects, three would be the subject of Tier I analyses, and two projects would be the subject of Tier II analyses. This will enable the EVC, the County and the public to better understand the nature and usefulness of economic information that can be provided, how that information is received in a public setting, and also to identify any potential procedural challenges. Subsequently, the County may decide to implement a longer-term procedure to obtain economic information.

OTHER AGENCY INVOLVEMENT/IMPACT

The cities have not yet been asked by the EVC to participate in this economic analysis project. The EVC proposes to start with the County, and to approach the cities later once the pilot project is completed. The County Administrative Office worked closely with the EVC and the Planning and Building Department as the EVC prepared for this pilot project. County Counsel has approved the agreement as to form and legal effect.

FINANCIAL CONSIDERATIONS

Funding for this request is available from funds budgeted but not spent by the Planning and Building Department (Fund Center 142) in fiscal year 2011/12. These funds will be transferred to Fund Center 290 – Community Development, where this new contract with the EVC will be managed.

RESULTS

The intended result of this request is to facilitate generation of economic benefits information for five development projects as a pilot project to test the value and procedure for potential future implementation of economic analyses on a broader scale. Subsequently, the procedure may enable consideration of economic benefits along with environmental and community factors when the County approves development projects. Upon completion of the pilot project staff will return to the Board and report the results.

ATTACHMENTS

Attachment A: EVC Pilot Project Economic Analysis Contract
Attachment B: EVC Economic Analysis Program Report (on file with Clerk)